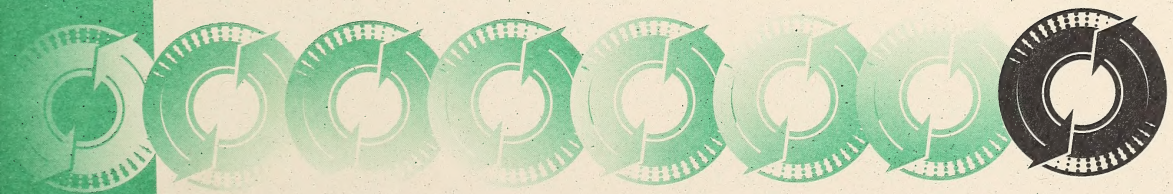


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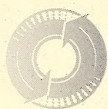
ANNUAL REPORT 1993/94

CANADIANA

JUN 7 1996



**Tire Recycling  
Management Board**



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October 26, 1994

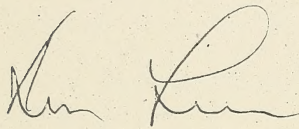
The Honourable Ty Lund  
Minister of Environmental Protection  
323 Legislative Building  
Edmonton, AB T5K 2B6

**Dear Mr. Lund:**

On behalf of the Board, I enclose the Annual Report for the year 1993/94 for the Tire Recycling Management Board, in accordance with section 18 of the *Tire Recycling Management Board Bylaw* (Alta. Reg. 257/92).

The Report covers the period from April 1, 1993 to March 31, 1994.

Yours truly,

A handwritten signature in dark ink, appearing to read 'Ken Teare', with a stylized flourish at the end.

Ken Teare  
Chairman  
TIRE RECYCLING MANAGEMENT BOARD





## INTRODUCTION

---

Created in July 1992, the Tire Recycling Management Board (TRMB) was given the task to find solutions for the over two million scrap tires generated annually by Albertans, together with the estimated six million tires already accumulated in stockpiles throughout the province. Scrap tires in landfills create a number of problems, including health and fire hazards, as well as taking up valuable landfill space. The Board has devised a comprehensive scrap tire management system to help develop alternative uses for scrap tires in order to divert them from landfills.

The Board is only one partner among many who have a stake in the problem. It is impossible to develop a scrap tire management system without input from the communities and industries who are dealing with the difficulties first hand. The Board has been working with retailers, auto dealers, local governments, waste authorities, health boards and landfill operators to create a system for the collection, storage, sorting and transportation of scrap tires. At the same time, the Board has continued working with recyclers and processors to develop the processing capacity that is the prerequisite to moving scrap tires out of overcrowded landfills, through environmentally sound technologies.

## Legislative Mandate

Under the Environmental Protection and Enhancement Act, (S.A. 1992 E-13.3, Part 9, Section 168), tires are a designated material, with the TRMB established as an industry-based board. Its mandate, under the Tire Recycling and Management Regulation (249/92), is:

- to find efficient, effective and economical solutions to Alberta's scrap tire problem;
- to develop waste minimization and recycling programs for scrap tires;
- to administer the Tire Recycling and Management Fund in fulfilment of this mandate.

The TRMB is responsible for managing the use of the Fund to achieve market solutions to the scrap tire problem and to support tire recycling. It is not a regulatory body which can control the use of tires or guarantee supply of tires, or encroach on municipal authority over scrap tires as part of solid waste disposal responsibilities.



Solutions are financed by the \$4 Advance Disposal Surcharge (ADS) which is collected on the sale of every new tire intended for on-road use in Alberta. Monies collected from the ADS are kept in a dedicated Tire Recycling and Management Fund, administered by the Board, separate from the government General Revenue Fund. The system is unique in that it is industry based and managed by a Board made up of stakeholder representatives.

## **BOARD MEMBERS**

---

Board members are nominated by stakeholder organizations and appointed by the Provincial Cabinet upon the recommendation of the Minister of Environmental Protection. The Tire Recycling Management Board was expanded to 10 members in 1993 to more fully reflect the diversity of interests of stakeholder groups. Board Members are appointed for a one-year term. The members for the 1993-94 TRMB were:

### **Ken Teare**

Board Chairman. President of Management Consultants (Alberta) Ltd. in Calgary, and previously a senior executive with Transalta Utilities, Mr. Teare was nominated by the Association of Professional Engineers, Geologists and Geophysicists of Alberta. He was elected Chairman of the TRMB in August 1993.

### **Ken Albrecht**

Representing the Rural and Improvement Districts Association of Alberta, Mr. Albrecht's past involvements include association with the West Yellowhead Community Futures, Yellowhead Regional Planning Commission as well as chairing the Improvement District of Yellowhead Council.

### **Roger Ambrosie**

Board Secretary. Owner and operator of Trail Tire Service Ltd. in Edmonton, Mr. Ambrosie represents the Western Canadian Tire Dealers and Retreaders Association. He was also a member of the Ministerial Advisory Committee for the Scrap Tire Project and Western Canada Scrap Tire Task Force.

### **Vincent Fabian**

A farmer and businessman, Mr. Fabian was nominated by the Alberta Association of M.D.s and Counties. First elected as a councillor in the County of Newell in 1969, and a member of county council since that time, Mr. Fabian has also served as reeve of the county, chairman of the county Board of Education and member of numerous committees.





### **Grant Harrington**

Self-employed for the past 20 years in Lethbridge, 13 years in plastics manufacturing and seven in product design, recycling systems, consulting and marketing, Mr. Harrington represents the Recycling Council of Alberta.

### **Jim Kallal**

Representing the Motor Dealers Association of Alberta, Mr. Kallal owns and operates a successful General Motors dealership in Tofield, the community where he was born.

### **Lorne Olsvik**

Mayor of Onoway, Mr. Olsvik serves the Board as the representative of the Alberta Urban Municipalities Association (AUMA). An employee of AGT in the field service data business systems division, Mr. Olsvik also chairs the Municipal Housing Authority, as well as sits on the AUMA committees for Waste Management and Environmental Services.

### **Dan Smith**

An active environmentalist in Calgary, Mr. Smith was a founding member of the Calgary Eco-Centre. He is a member of the Clean Air caucus of both the Alberta and Canadian Environmental Networks and represents the Toxic Watch Society for the Board.

### **Sandy Sutton**

Based in Edmonton and representing the Environmental Services Association of Alberta, Mr. Sutton is also its executive director. He is a director of the Canadian Council for Human Resources in the Environment Industry and Canadian Environmental Technology Advancement Corporation.

### **Jake Thiessen**

Assistant Deputy Minister, Water Resources Services, Mr. Thiessen from Edmonton represents Alberta Environmental Protection on the Board.



## Officers and Administration

Executive Director	Doug Wright
Chief Financial Officer	Jan Mulligan (Ernst & Young)
Counsel to the Board	Leonard Thom
Administrative Assistant	Terry Robinson
Additional Support (Ernst & Young)	Karen Rupertus Cheryl Boyko Wendy McQuatt

## VISION

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- To set a standard for innovative, responsible solutions using solid waste resources.

## MISSION

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- To responsibly steward scrap tire resources for the best interest of Albertans.

## PRINCIPLES

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- To build proactive partnerships.
- To develop economical and environmentally sound strategies.
- To implement these strategies in an efficient and effective manner.





## THE SCRAP TIRE MANAGEMENT STRATEGY

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The Board has devised a comprehensive strategy to fulfill its mission statement and deal with the problem of scrap tires in Alberta. These solutions are reached in co-operation with consumers, tire and vehicle dealers, municipal government and landfill authorities, small and large recyclers and major processors. The strategy identifies immediate solutions to begin making significant progress on the scrap tire problem. The strategy also includes long-term plans to: increase public awareness and support for the solutions; enhance the growth of the tire recycling industry through research and development; and build market demand for recycled products.

The fundamental thrust of the strategy is to help build a tire recycling industry and markets such that the demand for scrap tires exceeds supply. With scrap tires then being a valuable commodity, there will be a true market solution and no need for a surcharge or a board.

The Board's strategy answers the following critical questions:

### 1. What Solutions Work Best?

The Board has addressed the problems created by scrap tires using the four R's of the recycling hierarchy as its guideposts: reduce consumption; reuse products; recycle materials; and recover energy.

**Reducing Consumption:** It's simple common sense – tires that stay on the road longer mean less tires being discarded. Tremendous improvements have been made in the design and durability of tires, enhancing both the lifetime and performance of a tire. Consumers can extend the life of a tire by up to 30 percent by keeping tires properly inflated, aligned, balanced and rotated. Proper driving practices also reduce tire wear.

**TRMB Solution –** Increase public awareness of the savings that can be achieved by increasing tire life and reducing the amount of scrap tires discarded.

**Reusing Products:** The tire market is already reusing tires. Retreading is an excellent and well established way to reuse scrap tires. The majority of retreading occurs with large truck tires, with a lesser market for retreaded passenger tires. Also, tires are sometimes safely re-used without retreading.

**TRMB Solution –** In order to encourage the continuation of these market solutions where appropriate, the \$4 Advance Disposal Surcharge is not applied to the sale of retreaded or used tires. Also, retreaders and auto dismantlers have access to the scrap tire collection system to dispose of their unusable tires.



**Recycling Materials:** Unlike aluminium cans or plastic bottles, tires cannot be melted down to be recycled into new tires. However, technology does exist to physically separate the rubber, steel and fibre in tires to be recycled into other value-added end products. However, 'rubber-to-rubber' recycling is an emerging industry with limited products and markets as yet.

Scrap tires are currently being cut up and reassembled into products such as mats, composters, and playground equipment, plus some whole tires are recycled for different uses. This is being done in smaller volumes by local recyclers in communities throughout Alberta.

The major opportunity for recycling tires is to grind the tires into crumb and remold or reuse the crumb in other products. In this way, tires can be recycled into a variety of innovative products that include speed bumps, barriers, interlocking bricks, sport tracks and livestock flooring to name just a few. Rubber crumb can also be added to asphalt, lightweight fill and turf soil preparations.

*TRMB Solution – There is a program to help small recyclers improve their markets and a commitment to support development of improved recycling technologies and products. The first major rubber recycling contract has been awarded to collect scrap tires and produce rubber crumb to be used as feedstock for the manufacturing of recycled rubber products. This contract represents a commitment to recycle 25% of the annual scrap tire volume, well above the Canadian and North American average of 5% of annual volumes recycled.*

**Recovering Energy:** The use of tires as a fuel supplement is accepted world-wide. Under the right conditions – like those found in high temperature cement kilns – tires are a clean, efficient fuel producing 10 percent more heat by weight than coal and emit less greenhouse gases into the atmosphere, virtually comparable to natural gas.

*TRMB Solution – Alberta's two cement kilns provide a safe and viable 'backstop' solution to begin addressing the scrap tire problem, helping to stem the flood of tires into landfills and allowing time for the rubber recycling industry to become the major solution.*

## **2. How Can The Board Deliver Long-Term Results?**

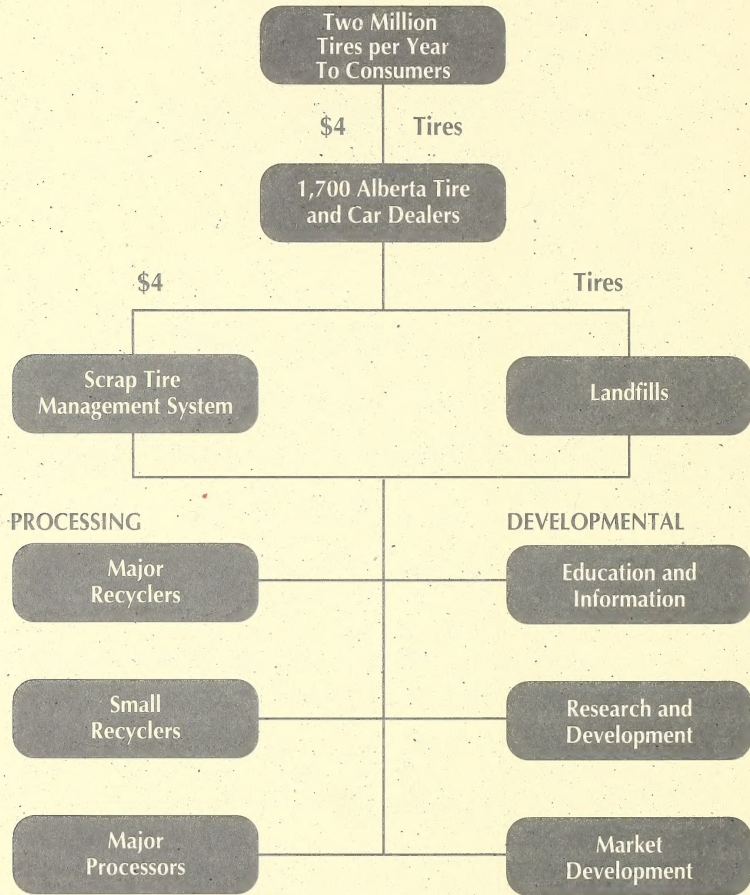
The Board has also developed a series of long-term strategies to help build the scrap tire recycling industry in Alberta and enhance the markets for recycled products that are essential to a real scrap tire solution. These initiatives will:

- improve markets for recycled products;
- assist Alberta's recycling industry to identify and respond to new technologies and markets;
- connect the emerging recycling industry with needed resources and information;
- reduce the demand for new tires through public education; and
- create research and development partnerships to explore tire recycling technologies, and the promotion and development of new recycled products.





## ALBERTA'S SCRAP TIRE STRATEGY



**Reduce ✓**

**Reuse ✓**

**Recycle ✓**

**Recover ✓**



## LONG-TERM GOALS

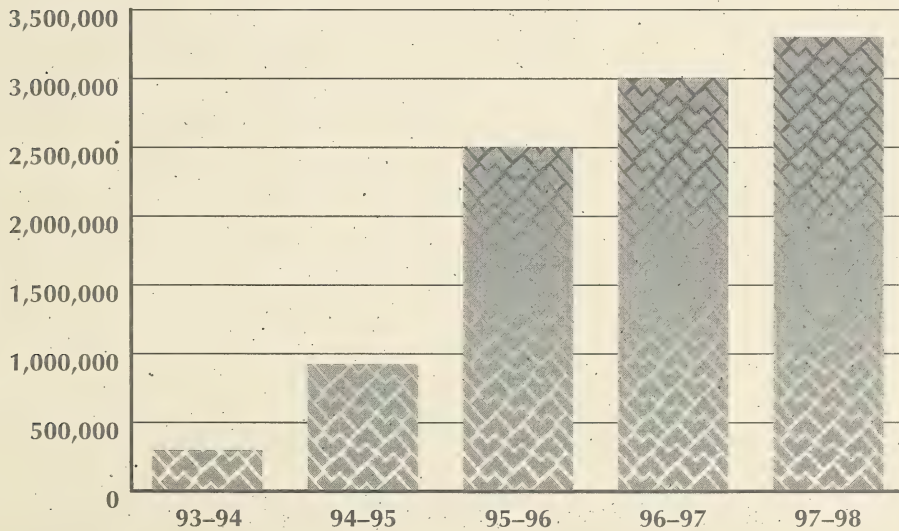
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In order to fulfil its mission, the TRMB has determined four general goals to be achieved over the next three years:

1. Have capacity in place which will utilize all of the volume of scrap tires discarded annually, plus begin moving scrap tires out of stockpiles in landfills. This capacity will be delivered through an effective transportation network from landfills, and with a general absence of tipping fees at landfills on tires delivered by dealers.
2. Have contributed to the growth of a viable tire recycling industry with products that are competitive and in demand in the market.
3. TRMB information initiatives will have increased the level of public awareness of: the importance of tire conservation through proper maintenance; the value of recycled tire products on the market; and, the effectiveness of the Scrap Tire Strategy.
4. Improve the efficiency and cost-effectiveness of the core businesses: revenue collection and fund management; scrap tire collection management; contract and program funding management; and, general administration.

## ALBERTA'S SCRAP TIRE PROCESSING

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## PROGRESS IN 1993-94

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The Tire Recycling Management Board identified the following priorities for 1993-94:

- Finalize agreements with major processors of scrap tires;
- Develop a comprehensive system to divert tires from landfills;
- Enhance a system for the collection and management of the Advance Disposal Surcharge.

### Recyclers

*Alberta Environmental Rubber Products Inc.:* Alberta Environmental Rubber Products Inc. was awarded a contract through an open competitive tender, to collect and recycle 650,000 Passenger Tire Equivalents (PTEs) in Northern Alberta. The contract moves Alberta into a leadership position in the rubber recycling industry in North America.

AERPI will process the tires into rubber crumb to be sold as feedstock to manufacturers of recycled products. As well, AERPI will also manufacture and sell recycled rubber products from the rubber crumb.

AERPI is required to run a collection and marshalling system to ensure equitable collection of tires from designated landfills in an area from just north of Ponoka to the Northwest Territories border.

*Small-Scale Recyclers:* The TRMB reaffirmed its commitment to smaller-scale recyclers in the province with a three-part program supporting the needs of individual businesses and the industry as a whole.

- The Market Development Program allocated \$80,000 for advertising, trade show participation, and other sales and marketing support costs for individual small-scale recyclers. Participating companies were eligible to apply for a maximum of \$5,000 per business with the funds being distributed on a reimbursement basis. Approximately 20 recyclers participated in the program.
- The first Tire Recycling Seminar, sponsored by the TRMB, was held in Red Deer. Entitled Off the Road and Into the Future, the seminar attracted involvement from recyclers, waste authorities and local government officials. Approximately \$25,000 was allocated to the conference.
- The ATRA Tire Recycling Association of Alberta received \$20,000 to further its development as a support organization to small-scale tire recyclers.



## Processors

*Inland Cement Limited:* Inland Cement Limited commenced collecting and processing tires as alternate fuel, using up to 600,000 PTEs annually and replacing 10 percent of its natural gas requirement. The ash and steel content of the tires is also being incorporated in the cement.

Inland began processing tires after it received final environmental approval from the province of Alberta. An interim agreement was signed to fast-track the use of tires for fuel, with the processing of tires commencing in July of 1993. As part of its contractual obligation, Inland also instituted a collection, transportation and marshalling system to service the area outlined in its contract, approximately 150 km in a circumference around the city of Edmonton.

*Lafarge Canada Inc.:* Lafarge completed a comprehensive test burn process, which included extensive local community consultation, as determined by the environmental approval process required by the provincial government. Such approval is a prerequisite before the TRMB negotiates an agreement with Lafarge to collect tires for use as an alternative fuel in their cement kiln. Preliminary discussions were conducted with Lafarge to use up to 800,000 PTEs annually as an alternate fuel.

## Scrap Tire Management System

To facilitate the movement of tires from landfills, the Board has instituted a system to register landfills throughout the province, ensuring fair access for all landfills to the limited processing capacity. As well auto dismantlers and trucking fleets are being registered.

The TRMB also set a course of action to commence conducting meetings throughout the province with local politicians, local authorities, regional waste management authorities, health unit and tire retailers to gain a better understanding of the challenges facing the Board and other stakeholders. These meetings would provide invaluable input to the Board with information garnered to become the basis for a number of new initiatives the Board is addressing, including the reduction of stockpiles.

## Advance Disposal Surcharge

The TRMB conducted 139 audits of randomly selected registrants to verify that over 95 percent of the surcharge revenue was remitted by registrants in the first full year of the collection process. These reviews help to ensure the effectiveness and completeness of surcharge collection and remittance.



## LOOKING TO THE FUTURE

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Since the inception of the TRMB in 1992, Alberta has moved to the forefront of tire recycling initiatives in North America. By year's end, a strategy will be in place with the capacity to divert approximately 85 percent of the annual flow of scrap tires from the waste stream in Alberta.

The Board has set a comprehensive and realistic strategy in place to build a foundation for the scrap tire solution. It is being pursued aggressively through a mixture of solutions, recognizing the four R's of recycling. Solutions will unfold carefully over the coming months – there is no quick fix or single answer. The strategy is intended to create a demand for tires, to make them valuable so that recyclers pay for them rather than tire dealers and landfills pay to get rid of them. That is the goal of the Board: to, in effect, put itself out of business, with a thriving recycling business competing for all of Alberta's scrap tires, and ensuring their safe disposal.

## FINANCIAL RESULTS

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The Advance Disposal Surcharge of \$4.00 per tire was collected on approximately 2,129,000 new tires sold in Alberta for total revenues of \$8,516,000 during the fiscal year ended March 31, 1994. This was the first full year of operations for the TRMB. A portion of the funds collected was used to cover the cost of operating the Board and the cost of processing Alberta's scrap tires.

In addition to the audited financial statements, the following table summarizes revenue and expenditures during the fiscal year ended March 31, 1994 by function:



**Function**  
**Scrap Tire Management**

	General Admin.	Surcharge Collection	Processors	Developmental	Mar 31 94 Total	% of Revenue
<b>Total Revenue</b>					<b>8,810,367</b>	
Administration costs	674,496	193,821	157,087	52,921	1,078,325	12.24%
Program costs	28,336	16,903	1,179,958	31,446	1,256,643	14.26%
Transfer to reserve fund	—	—	6,275,399	—	6,275,399	71.23%
Operating equity	—	—	—	—	200,000	2.27%
<b>Total Expenditures</b>	<b>702,832</b>	<b>210,724</b>	<b>7,612,444</b>	<b>84,367</b>	<b>8,810,367</b>	<b>100.00%</b>
% of total costs	7.98%	2.39%	86.40%	0.96%		

The Processing Reserve was created in part because there are currently more tires being sold than processed but the cost of processing these tires will have to be met in the future when processing capacity increases. Today's revenues are held in the reserve and transferred back as needed as processing capacity costs exceed revenues.

In addition to the estimated more than two million tires sold every year in Alberta on which the ADS is collected, there is a backlog of tires stockpiled in landfills in the order of approximately six million tires for which no revenues were collected. Similarly, the tire discarded when a new tire is purchased now has no ADS attached to it. There are an estimated 14 million such tires on the road today. The Processing Reserve will allow for the gradual depletion of these additional tires as the capacity to process tires is built over the coming months and year.

The collection, compliance, accounting, and computing services supporting the TRMB are contracted through a tendering process to ensure maximum value. The accounting firm of Ernst & Young is currently fulfilling this contract. Similarly, the TRMB is in a developmental rather than mature period, and uses contracted consulting services rather than permanent staff for developmental activities. This ensures access to expertise on a flexible and competitive basis without building a permanent bureaucracy.

As a result of the documentation, assessment and compliance procedures implemented in fiscal March 31, 1994, the Auditor General of Alberta issued a clean opinion on the March 31, 1994 financial statements.







ALBERTA LEGISLATURE

OFFICE OF THE AUDITOR GENERAL

AUDITOR'S REPORT

To the Members of the Tire Recycling Management Board

I have audited the balance sheet of the Tire Recycling Management Board as at March 31, 1994 and the statement of revenue, expenditure and surplus for the year then ended. These financial statements are the responsibility of the Board's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 1994 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

A handwritten signature in cursive script, appearing to read "C. M. Whynali".

CA  
Acting Auditor General

Edmonton, Alberta  
June 3, 1994



## BALANCE SHEET

As at March 31, 1994

	1994	1993
<b>Assets</b>		
Current:		
Cash	\$ 9,117,204	\$ 2,480,377
Accounts receivable and prepaid amounts (Note 6)	1,339,772	1,142,124
	<u>10,456,976</u>	<u>3,622,501</u>
Capital (Note 3)	71,850	84,188
	<u>\$ 10,528,826</u>	<u>\$ 3,706,689</u>
<b>Liabilities and Operating Equity</b>		
Current:		
Payable to processors	\$ 479,279	\$ 22,450
Accounts payable	74,669	184,760
	<u>553,948</u>	<u>207,210</u>
Processing reserve (Note 4)	9,774,878	—
Surplus	200,000	3,499,479
	<u>\$ 10,528,826</u>	<u>\$ 3,706,689</u>

The accompanying notes are part of these financial statements.

# STATEMENT OF REVENUE, EXPENDITURE AND SURPLUS

For the Year Ended March 31, 1994

	1994		1993
	Budget (Note 10)	Actual	Actual July 23, 1992 to March 31, 1993 (Note 6)
<b>Revenue:</b>			
Advance disposal surcharge (Notes 6 and 7)	\$ 6,900,000	\$ 8,519,076	\$ 4,165,078
Interest	150,000	291,291	37,797
	<u>7,050,000</u>	<u>8,810,367</u>	<u>4,202,875</u>
<b>Expenditure:</b>			
Program:			
Payments to processors (Note 5)	5,925,000	1,211,404	22,450
Development programs	80,000	45,239	42,240
	<u>6,005,000</u>	<u>1,256,643</u>	<u>64,690</u>
<b>Administration:</b>			
Consulting services	530,000	584,387	—
Contracted services (Note 8)	275,000	271,642	539,167
Board expenses (Note 8)	112,000	114,109	48,585
Office support	78,000	81,527	42,978
Amortization	—	26,660	7,976
	<u>995,000</u>	<u>1,078,325</u>	<u>638,706</u>
	<u>7,000,000</u>	<u>2,334,968</u>	<u>703,396</u>
Excess of revenue over expenditure	\$ 50,000	6,475,399	3,499,479
Surplus at beginning of year/period		3,499,479	—
		9,974,878	3,499,479
Transfer to processing reserve (Note 4)		9,774,878	—
Surplus at end of year/period		<u>\$ 200,000</u>	<u>\$ 3,499,479</u>



## NOTES TO THE FINANCIAL STATEMENTS

March 31, 1994

### Note 1 Authority and Purpose

The Tire Recycling Management Board operates under the authority of the Environmental Protection and Enhancement Act, Chapter E-13.3, Statutes of Alberta, 1992, pursuant to the Tire Recycling Regulation, Alberta Regulation 249/92, as amended.

The purpose of the Tire Recycling Management Board is to administer the Tire Recycling and Management Fund to provide for the effective, efficient and economical waste minimization and recycling of scrap tires in accordance with sound environmental principles.

### Note 2 Summary of Significant Accounting Policies and Reporting Practices

#### (a) Capital Assets

Capital assets are recorded at cost. Amortization is recorded on the declining balance basis at the following annual rates:

Furniture and fixtures	20%
Computer equipment and software	30%

#### (b) Changes in Financial Position

A statement of changes in financial position is not provided; as disclosure in these financial statements is considered to be adequate.

### Note 3 Capital Assets

	1994		1993
	Cost	Accumulated Amortization	Net Book Value
Computer equipment and software	\$ 94,260	\$ 32,960	\$ 61,300
Furniture and fixtures	12,226	1,676	10,550
	<u>\$ 106,486</u>	<u>\$ 34,636</u>	<u>\$ 71,850</u>
			<u>\$ 84,188</u>

**Note 4    Processing Reserve**

The processing reserve has been established to provide for future scrap tire management activities such as payments for processing and development costs. The majority of the excess of revenue over expenditure each year is allocated to the processing reserve in order to ensure that the original purpose for which the advance disposal surcharge revenue was collected is maintained. The Board is committed to ensuring that all tires on which the surcharge was collected are processed when they enter the scrap tire stream. As well, a portion of the processing of scrap tire stockpiles in existence before September 1992 will be funded by use of the processing reserve.

**Note 5    Commitments**

The Board has entered into a five year contract commencing March 1, 1994 with Alberta Environmental Rubber Products Inc. to process 6,500 tonnes of scrap tires per year based on a processing fee of \$250 per tonne of scrap tires processed and sold as recycled product.

The Board has entered into an interim agreement with Inland Cement for the period July 1993 to August 31, 1994 to process scrap tires as tire derived fuel at a processing rate of \$292 per tonne of tires processed. A five and one half year main agreement with Inland Cement becomes effective September 1, 1994 and in the initial year, provides for the processing of a maximum of 6,250 tonnes of scrap tires per year based on a processing fee of \$223 per tonne.

The Board has entered into negotiations with Lafarge Canada to process scrap tires.

**Note 6    Prior Period Adjustment**

Accounts receivable at March 31, 1993 have been adjusted to reflect surcharge revenue received after that date that related to the period then ended. The effect of this adjustment on the previously reported figures has been to increase advance disposal surcharge revenue by \$61,000, decrease bad debt expense by \$155,000, increase accounts receivable and prepaid amounts by \$216,000 and increase surplus by \$216,000.

**Note 7    Collection of Advance Disposal Surcharges**

Advance disposal surcharge revenue reported in these financial statements represents, surcharges remitted to the Board during the year, adjusted for surcharges receivable at year ends. To determine whether tire retailers are remitting the surcharge as required, by legislation, the Board has initiated a program of compliance reviews of the records of a selection of retailers. An extrapolation of the instances of non-compliance disclosed by these reviews indicates that the retailers did not report and remit surcharges during the year ended March 31, 1994 of approximately \$365,000. This represents 4% of surcharges collectible. In management's view, the cost of identifying and collecting most or all of this unreported surcharge would exceed the additional amount that would be collected.





#### **Note 8 Compensation**

	<u>Number of Individuals</u>	<u>Salary and Benefit Equivalent</u>
<b>Board Compensation</b>		
April 1, 1993 to July 31, 1993		
Chairman	1	\$ 11,088
Members	3	7,038
		<hr/> 18,126
August 1, 1993 to March 31, 1994		
Chairman	1	9,290
Members	9	45,344
		<hr/> 72,760
<b>Contracted Services</b>		
Year ended March 31, 1994		
Executive Director	1	85,135
Chief Financial Officer	1	75,000
Other full-time	3	111,507
		<hr/> 271,642
		<hr/> \$ 344,402

All services provided to the Board related to compensation are under contracts for services. As an employee of the Province, one Board member did not receive compensation. Due to major changes in the manner in which the administration services were contracted by the Board in 1994, comparative balances cannot be reasonably determined. The Board expenses figure shown on the statement of revenue, expenditure and surplus includes the \$72,760 as reported above, together with reimbursements for travel expenses and other Board meeting expenses.

#### **Note 9 Comparative Figures**

The 1993 figures have been restated for the prior period adjustment, and reclassified where necessary to conform to 1994 presentation.

#### **Note 10 Budget**

The 1994 budget was approved by the Board on July 7, 1993 and is presented for comparison with the 1994 actual figures.

#### **Note 11 Approval of Financial Statements**

These financial statements were approved by the Board.







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